



CITY OF PELLA

CITY COUNCIL OFFICIAL MINUTES

May 11, 2021

A. CALL TO ORDER BY MAYOR AND ROLL CALL

The City Council of the City of Pella, Iowa, met in special session at the Public Safety Complex (614 Main Street) at 6:00 p.m., Mayor Don DeWaard presiding. Council members present were: Mark De Jong, Liz Sporrer, Lynn Branderhorst, Calvin Bandstra, Bruce Schiebout, Dave Hopkins. Absent: None. City Administrator Mike Nardini and City Clerk Mandy Smith were present. Four staff members and three members of the general public attended in person. Due to heightened public health risks associated with the COVID-19 pandemic, this meeting was also broadcast via conference call. Three members of the general public attended the conference call.

B. MAYOR'S COMMENTS

1. Approval of Tentative Agenda.
Branderhorst moved to approve, seconded by Bandstra.
On roll call the vote was: AYES: 6, NAYS: None. Motion carried.
2. Announce closed session pursuant to Iowa Code Chapter 388.9(1) to discuss marketing and pricing strategies or proprietary information of a city utility if its competitive position would be harmed by public disclosure not required of potential or actual competitors, and if no public purpose would be served by such disclosure.

PUBLIC FORUM (for anyone wishing to address Council regarding agenda items)

No comments were received.

C. PETITIONS & COMMUNICATIONS

The following items were discussed by Council with no formal Council action taken:

1. Proposed Economic Development Incentives for the Prairie Ridge Commercial Development
BACKGROUND: The purpose of this agenda item is to discuss a proposed conditional resolution of support for RDP Holdings' Prairie Ridge commercial development which is located northeast of the Washington Street and Fifield Road intersection. Listed below, and on the following pages, is background information on the proposed development:
Proposed Commercial Development: The developer is proposing to construct a Smash Park recreation center. This facility is intended to be a regional entertainment center with a variety of recreational amenities and activities including pickleball courts, sand volleyball, outdoor turf games, a restaurant, an indoor/outdoor bar and patio area, meeting rooms, and an area dedicated for miniature golf. This proposed building, which is approximately 22,000 square feet in size, is tentatively scheduled to open in the spring of 2022. In addition, the developer is willing to commit to construction of a fast-casual restaurant by December 2024. To support the development, the developer will be required to construct on-site public infrastructure improvements including a new commercial roadway within the development of approximately 600 linear feet and an extension of the City's sanitary sewer system. The estimated cost of this public infrastructure is \$1,157,000.
Comprehensive Plan: The City's Comprehensive Plan identified a shortage of restaurants and drinking establishments in the community. The Comprehensive Plan identified this area as a 'service gap' where the local demand exceeds the retail supply. In addition, the Comprehensive Plan identified the development's location as an economic development opportunity for commercial development. Furthermore, the City Council rezoned this property in July of 2019 and at the time made a determination this commercially zoned area was in conformance with the Comprehensive Plan. Staff believes the proposed Smash Park recreation center and fast-casual restaurant align strongly with the Comprehensive Plan. In addition, staff believes it will help address the shortage of eating and drinking establishments in Pella.
Recommended Off-site Public Improvements: It should be noted that as part of the site planning process for the proposed Smash Park recreation center, the City's engineering consultant, Veenstra & Kimm (V&K), updated their traffic analysis for the Prairie Ridge development. Based upon their review, V&K is recommending a right-turn lane on westbound Washington Street approaching Fifield Road be installed in 2022. V&K also recommends installation of traffic signals at the intersection of Washington Street and Fifield Road prior to the fast-casual restaurant opens in 2024. Listed below is the estimated cost of the off-site public improvements:

Traffic signals	\$ 282,700
Westbound turn lane on Washington Street	73,150
Total estimated cost	<u>\$ 355,850</u>

The off-site public improvements would be eligible for funding the City's Central Iowa Regional Planning Association's transportation allocation; therefore, the City's initial estimated costs for the improvements is approximately \$71,200, roughly 20% of the projected off-site public infrastructure improvements.

Conditional Resolution of Support: The developer would like to begin construction of the proposed Smash Park this summer. As a result, they have requested a conditional resolution of support from the City of Pella. The resolution of support is intended to clarify the items the City intends to include in a potential development agreement with RDP Holdings. It is important to note that this resolution does not create binding obligations for the City, but rather describes potential contributions toward the project. The contributions are conditioned on the developer meeting certain conditions including complying with all City requirements and the City Council approving an urban renewal plan and a development agreement for the project. Listed below are key aspects of the conditional letter of support:

Responsibilities of the Developer

- A. The developer needs to construct all public infrastructure according to City standards. Upon completion, the developer will be required to dedicate all infrastructure to the City of Pella.
- B. The developer will be required to construct the proposed Smash Park by December of 2022. The developer will also be required to sign a minimum tax assessment of \$5,000,000 for the proposed Smash Park and agree to a 2% increase annually on the assessment.
- C. The developer will be required to construct a fast-casual restaurant by December of 2024. The developer will also be required to sign a minimum tax assessment of \$2,000,000 for the proposed restaurant and agree to a 2% increase annually on the assessment.

Responsibilities of the City of Pella

The proposed conditional resolution of support includes a construction grant to the developer in the amount of \$2,000,000 to be paid to the developer as follows:

- 1. \$1,500,000 to be paid within 150 days of the City's issuance of a certificate of occupancy for the proposed Smash Park.
 - 2. \$500,000 to be paid within 30 days after the City's issuance of a final certificate of occupancy for the proposed fast-casual restaurant.
- The letter of support also includes a \$300,000 pass through grant from the Community Betterment Organization (CBO) in support of the development. This grant is conditional upon the City of Pella receiving the funds from the CBO. In addition, the developer is eligible to receive tax increment rebates of up to \$2.0 million in the aggregate, but only after the City of Pella retires its debt associated with funding the construction grants as outlined above. The rebates are funded exclusively from tax increment from development in the proposed urban renewal area and are subject to annual appropriation.

Financial Analysis: In order to fund the proposed construction grant, the City of Pella will likely need to issue a \$2.2 million urban renewal general obligation bond. In addition, the City of Pella will need to adopt a tax increment financing ordinance to capture incremental property taxes generated from the new development in the urban renewal area. The City of Pella hired its financial advisor, Michael Maloney, to analyze the tax impact from the development. In summary, Mr. Maloney analyzed two scenarios for the development. The first scenario was the base case which includes no additional development other than the proposed Smash Park and fast-casual restaurant. The second scenario was an additional \$2.0 million of commercial development occurring in 2026. In both scenarios, the City of Pella would have a small deficit of \$41,000 to fund in fiscal year 2023-24, otherwise it appears the tax increment revenues generated from the development would cover the cost of the proposed bond issue. In addition, the projected tax increment rebates to RDP and excess TIF revenues available for future projects within the urban renewal area would be as follows:

	Projected Rebate to RDP	Unobligated TIF Revenues
Base scenario	\$1,666,576	None
Modest growth scenario	\$2,000,000	\$498,370

Staff Recommendation: The intention of this agenda item is to address any questions or concerns Council may have with the proposed conditional resolution of support before it is presented for formal consideration on May 18. Staff believes the proposed development addresses a critical shortage in the community of eating and drinking establishments. In addition, it appears the tax increment revenues generated from the development in the urban renewal area would fund the City's indebtedness to be incurred to make the construction grant. Finally, if the development has modest growth, it appears the tax increment revenues from the urban renewal area would also reimburse the City for the cost of the off-site public improvements after the rebates to the developer are fully funded. As a result, staff recommends proceeding with formal consideration of the proposed conditional resolution of support on May 18, 2021.

ATTACHMENTS: Conditional Resolution of Support, Prairie Ridge Plat, Financial Analysis
REPORT PREPARED BY: City Administration
REPORT REVIEWED BY: City Administrator, City Clerk
RECOMMENDED ACTION: As outlined above

2. Oskaloosa Street Corridor Development

BACKGROUND: The purpose of this agenda item is to discuss development in the Oskaloosa Street corridor. As background, in 2018 Council approved an agreement with Snyder & Associates to develop guidelines for this corridor, which Council ultimately approved on December 17, 2019. The project was intended to identify needed commercial development within our community and formalize a strategy for recruiting potential businesses. The geographical area of this corridor extends from the intersection of Main Street and Oskaloosa Street to the intersection of Oskaloosa Street and 240th Avenue.

During this process, economic and demographic trend data was collected and analyzed to determine the City's ability to support additional retail, office, restaurant, and other commercial activity. Additionally, properties in this corridor were reviewed and evaluated for redevelopment options. This analysis provided insights into what types of new business development may be appropriate for the area. The consultant also performed a zoning review of the corridor.

Listed below, and on the following page, are the key concepts of the Oskaloosa Street corridor development guidelines:

Key Principles: The plan focuses on the promotion of infill development to utilize existing infrastructure.

Development Opportunities: The market analysis conducted for the plan indicated the community could support additional entertainment and dining establishments. In addition, the analysis concluded an office park located in the eastern half of the corridor could help facilitate relocation of professional services located in the Central Business District.

Western Geographical Area of the Plan: Much of the redevelopment plan focuses on Oskaloosa Street from the Oskaloosa/Main intersection to the intersection of Oskaloosa/Carson. In this area the consultant recommends a separate branding campaign to promote shopping, dining, and entertainment activities. To accomplish this goal, the consultant is recommending redevelopment efforts focus on creation of a cohesive and walkable atmosphere.

Streetscape Master Plan: The development guidelines recommend a streetscape master plan be developed for the corridor, specifically for the area on Oskaloosa Street from the intersection of Main Street extending to Carson Street. A key component is developing a beautification plan for the old power plant site.

Zoning Recommendations: The development guidelines recommend zoning amendments for the segment of Oskaloosa Street between Main Street and Carson Street. Included in the regulations are allowing brewpubs, microbreweries, and cocktail lounges to operate by right in this area. Currently, these zoning uses require a special use permit. In addition, the consultant has made other recommendations for limiting the allowable uses in this geographical area.

Economic Development Incentives: The plan recommends the use of tax increment financing and other related economic development strategies to encourage commercial growth in this corridor.

Summary: Given the amount of time that has passed since the Oskaloosa Street Corridor Development Guidelines were approved, staff would like to review the guidelines and discuss the next steps, which may include the utilization of a consultant to conduct further analysis within the corridor in addition to providing implementation recommendations.

ATTACHMENTS: Oskaloosa Street Corridor Development Guidelines
REPORT PREPARED BY: Planning and Zoning Department
REVIEWED BY: City Administrator, City Clerk
RECOMMENDATION: Seeking Council direction

3. Design Review District Design Manual Update

BACKGROUND: The purpose of this agenda item is to discuss a proposed update to the Design Review District Design Manual. For Council's review, the current Design Manual is included as a memo attachment. As background, the Community Development Committee (CDC) would like to update the manual to reflect the growth and distinct needs of the various parts of Pella while still encouraging a homogenous theme in the Central Business District (CBD). The CDC stated various reasons for proposing a revised version of the Design Manual, including that it has not been revised in a substantial capacity since the addition of 360-degree review of a building, which occurred over a decade ago.

Additionally, the CDC noted the need for more context sensitivity regarding design requirements. For example, they believe a property built on the outskirts of Pella should not be held to the same standard as a building in the CBD. In addition, the CDC would like to update the Design Manual to show more examples than gables as major design elements to satisfy the code requirements.

The CDC has requested to hire an architect to assist in the proposed revisions. The purpose of this request is to ensure that the Design Manual will be better suited for modern developments and to incorporate modern Dutch architecture. Staff is seeking Council direction regarding this request. In addition, staff would like to inquire if any City Council members would like to serve on a subcommittee of CDC members to assist with this process.

ATTACHMENTS: Design Manual
REPORT PREPARED BY: Planning and Zoning Department
REVIEWED BY: City Administrator, City Clerk
RECOMMENDATION: Seeking Council direction

4. Second Christian Reformed Church Purchase Agreement Amendment

BACKGROUND: The purpose of this agenda item is to discuss a proposed amendment to the Second Christian Reformed Church purchase agreement. As background, in 2019, the City acquired the parking lot directly north of the Second Christian Reformed Church. The City is scheduled to close on the remainder of the Second Christian Reformed Church property at 609 E 1st Street and 606 Union Street on June 1. However, the church is now requesting to amend the purchase agreement to delay the closing to September 1 as their new facility will not be completed in time for the June 1 closing date. During this meeting, staff will discuss key terms of the proposed amendment to the purchase agreement with Council.

ATTACHMENTS: None
REPORT PREPARED BY: City Administration
REVIEWED BY: City Administrator, City Clerk
RECOMMENDATION: Seeking Council direction

5. Proposed Land Development Process and Applications

BACKGROUND: The purpose of this agenda item is to discuss proposed changes to the land development application process within the Planning and Zoning Department. As background, currently the Planning and Zoning Department offers developers, real estate agents, businesses, and the general public guidance and information regarding the City's Comprehensive Plan, zoning code, and subdivision ordinance. While providing Planning and Zoning information is our primary role, the requests for informal and speculative review of projects and the subsequent follow-up dealing with multiple variations is extremely time consuming for staff. This unfortunately leads to delays in our long-term planning goals and objectives as these critical projects and updates get pushed back.

Staff is recommending a new process for the pre-development review of potential development projects. If approved, this new process would include the following:

Creation of a formal application requirement for land development submissions including:

Proposed development plan and background documents.

Collection of a \$25 fee to review the application. This fee payment will be credited towards subdivision plat or plat of survey application fees.

Creation of a defined submission and response deadline:

Completed packets submitted to the Planning and Zoning Department by 4:00 p.m. on Monday will receive responses from staff by 4:00 p.m. the following Friday.

Applications received after 4:00 p.m. Monday will be reviewed on a case-by-case basis and may be held to the following week for review and response.

This new process will provide a defined standard of review and provide all applicants with a written analysis of the proposed project. This application provides both staff and the applicant with a formal process and predetermined timelines for submittals and responses. Additionally, the proposed process will not take away from providing answers to general questions from residents and businesses.

In summary, staff is seeking Council direction on the attached drafted applications and process changes as they apply to land development.

ATTACHMENTS: Drafted Applications
REPORT PREPARED BY: Planning and Zoning Department
REVIEWED BY: City Administrator, City Clerk
RECOMMENDATION: Seeking Council direction

D. RESOLUTIONS

1. Resolution No. 6291 entitled, "RESOLUTION APPROVING A PURCHASE AGREEMENT WITH RELIANT FIRE APPARATUS, INC."

De Jong moved to approve, seconded by Branderhorst.

On roll call the vote was: AYES: 6, NAYS: None. Motion carried.

BACKGROUND: This resolution approves a purchase agreement with Reliant Fire Apparatus, Inc. to purchase a Pierce Enforcer Pumper truck. As background, on May 4, 2021, Council approved an amendment to the City's Purchasing Policy to allow for the use of joint purchasing agreements. This amendment was primarily due to a request by the Pella Fire Department to utilize this procurement method to acquire a new pumper truck, for which the Department is now seeking approval.

The Pella Volunteer Fire Department utilized the joint purchasing agreement through Sourcwell to acquire the bid for the desired pumper truck. Sourcwell is a service cooperative created by the Minnesota legislature as a local unit of government. The cooperative is governed by local elected municipal officials and school board members. Sourcwell combines the buying power of 50,000 government education and nonprofit organizations across the country to solicit competitive cooperative contracts. The Pella Fire Department had indicated that the utilization of a cooperative procurement method is the standard purchasing process utilized by fire departments across the country to purchase items of this nature. The Department also believes this method results in the lowest price and most favorable terms and conditions. Central Iowa cities who are members of Sourcwell and utilize its services include Des Moines, West Des Moines, Indianola, Ankeny, Johnston, Altoona, Oskaloosa, and Knoxville.

The proposed purchase agreement is in the amount of \$666,693 for delivery of a Pierce Enforcer Pumper truck, as specified by the Fire Department. Delivery and payment of the new vehicle would occur after July 1, 2022, which would fall into fiscal year 2023, in compliance with the most recently approved capital improvement plan.

Staff is recommending approval of the attached resolution which approves the purchase agreement with Reliant Fire Apparatus, Inc. in the amount of \$666,693. Furthermore, the resolution authorizes the Fire Chief to sign the purchase agreement and any documents pertaining to the purchase of this pumper truck.

ATTACHMENTS: Resolution, Purchase Agreement
REPORT PREPARED BY: City Administration
REVIEWED BY: City Administrator, City Clerk
RECOMMENDATION: Approve resolution

E. OTHER BUSINESS/PUBLIC FORUM (any additional comments from the public)

No comments were received.

F. CLOSED SESSION

1. At 7:49 p.m., Bandstra moved to enter into closed session pursuant to Iowa Code Chapter 388.9(1) to discuss marketing and pricing strategies or proprietary information of a city utility if its competitive position would be harmed by public disclosure not required of potential or actual competitors, and if no public purpose would be served by such disclosure, seconded by Hopkins.

On roll call the vote was: AYES: 6, NAYS: None. Motion carried.

At 8:14 p.m., Hopkins moved to reconvene to regular session, seconded by Bandstra.

On roll call the vote was: AYES: 6, NAYS: None. Motion carried.

No action was taken regarding this closed session.

G. ADJOURNMENT

There being no further business claiming their attention, Hopkins moved to adjourn, seconded by Sporrer.

On roll call the vote was: AYES: 6, NAYS: None. Motion carried.

Meeting adjourned at 8:15 p.m.